

Generali Group

Acquisition of Toro Assicurazioni

*Accelerating the pace of change,
delivering our potential*



Trieste, June 26, 2006

The acquisition of Toro Assicurazioni for Euro 3.85 billion cash

Excellent strategic fit

A unique and opportunistic growth prospect in one of the most attractive European P&C markets

Total gross cost and revenue synergies of Euro 250 million pa

Immediately accretive 6% IFRS EPS in 2007



Acquisition of Toro

► The transaction

Strategic rationale

- Increased share of profitable Italian P&C market
- Improved positioning in motor market
- Significant synergies

Financials

Impact on Generali Strategic Plan



Details

- The acquisition of 55.5%* of Toro Assicurazioni owned by De Agostini for a price of Euro 21.20 per share for a total consideration of Euro 2,525 million
- Subsequent mandatory offer for the remaining shares at the same price
- All cash offer, total consideration for 100% Euro 3,855 million
- Merger of Toro into Generali

Value Creation

- Immediately accretive to IFRS and EV earnings
- 11% EPS accretive in 2009 post cost synergies
- 8% EV earnings accretive in 2009 post cost synergies
- Euro 180 million cost synergies by 2009

Financing

- All cash offer
- Financed by existing funds and increased planned debt issue
- Financed by:
 - Euro 1.7 billion previously allocated to buy back
 - Euro 700 million not used for minorities
 - Additional hybrid issue of Euro 1.2 billion
 - Own funds Euro 255 million
 - In addition to transaction existing resources used to reduce Euro 700 million of senior debt

* De Agostini will also have the possibility to sell, and Generali the obligation to buy, up to 18,184,188 more Toro shares, equivalent to 10% of Toro's total equity capital, at the same price per share as stated above.



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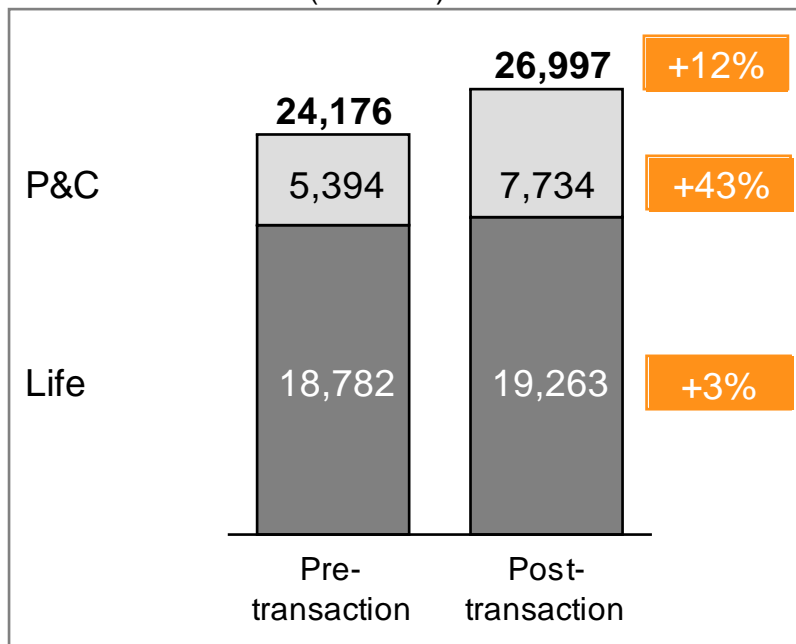
- Consistent with Generali's strategy to deliver growth and continuous improvement at country level
- Toro's operations will significantly grow Generali's exposure to Italian retail business as well as increasing and optimising the geographic mix in motor
- The acquisition fully leverages the three key foundations of Generali Group's 2006-08 strategic plans



- Increased share of profitable Italian P&C market
- Improved positioning in Italian motor market
- Significant synergies
- Capital optimisation objectives met

- The acquisition will strengthen Generali's position in its home market, Italy, creating a leading position in P&C and strengthening the key distribution channel, agents

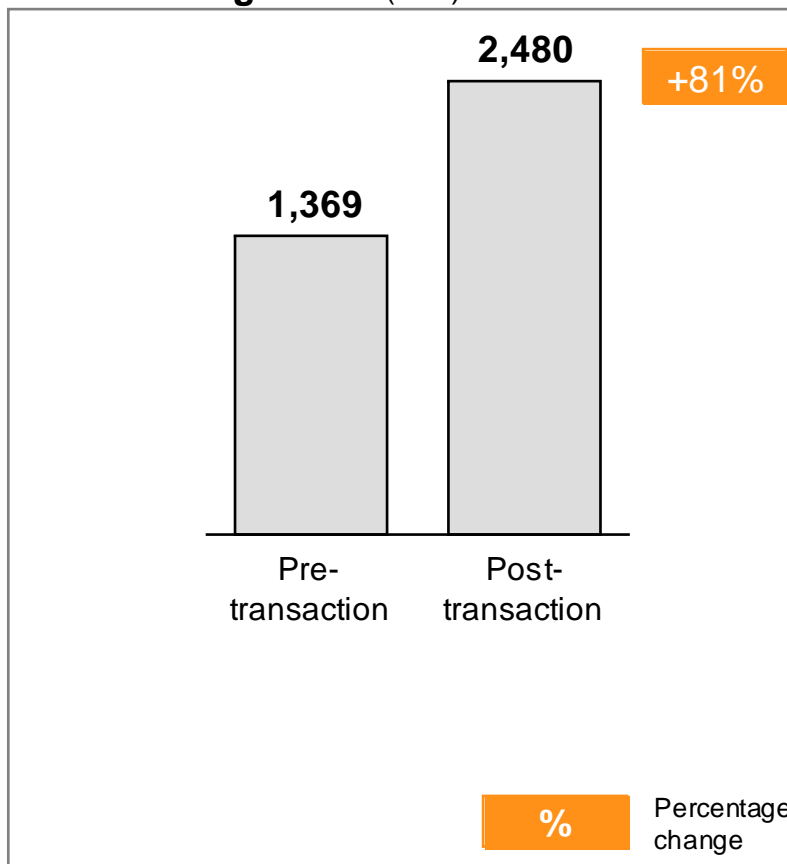
GDDPW in 2005 (Euro bln)



P&C Market Share in 2005 (%)

	Pre-transaction	Post-transaction
Market Share	15.6	22.0

Number of Agencies (Unit)



Increased share of profitable Italian P&C market

- Strategic step, opportunistic timing
- Italian P&C market has reformed and improved return on equity over the last 10 years
- Technical profitability is sustainable long term
- Macro economic and market specifics should continue to produce relatively strong top line growth

Improved positioning in Italian motor market

- Generali has been underweight the Italian Motor market at around 10.75% share against 15.6% share of total P&C market
- This has been the correct positioning pre 2003
- Market has now undergone structural reform due to better management and external factors such as improved road safety and reduction in fraud
- Deal takes Generali to 18.0% motor market share

Significant synergies

- Implementation of the common back office model will lead to Euro 180 million pre tax cost savings by 2009
- Significant revenue potential from cross selling life and other products to an under penetrated customer base
- Acquisition reinforces ongoing restructuring measures in Italy, as part of the initiatives associated with operational excellence

Acquisition of Toro

The transaction



Strategic rationale

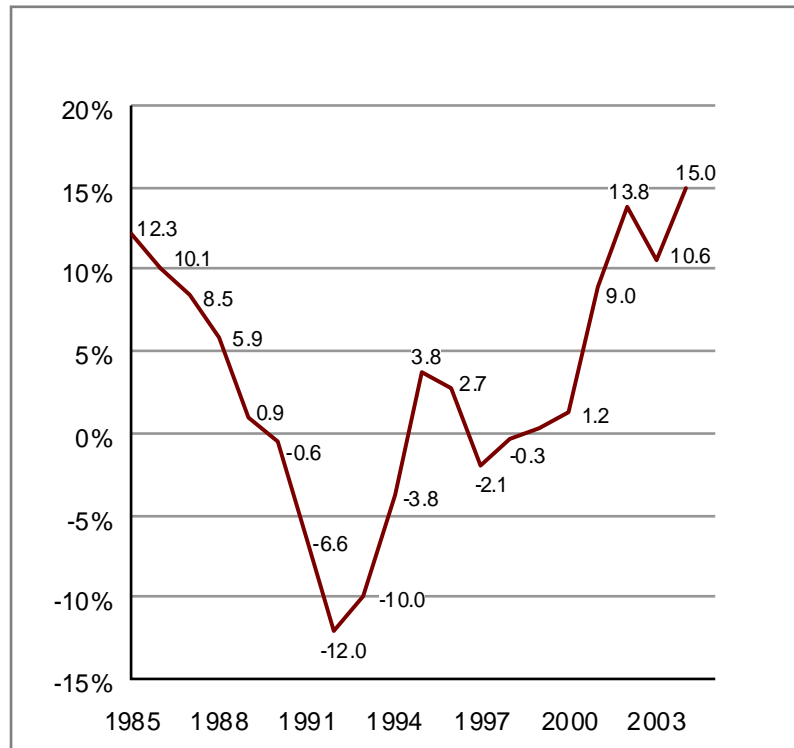
- **Increased share of profitable Italian P&C market**
- Improved positioning in motor market
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Financials

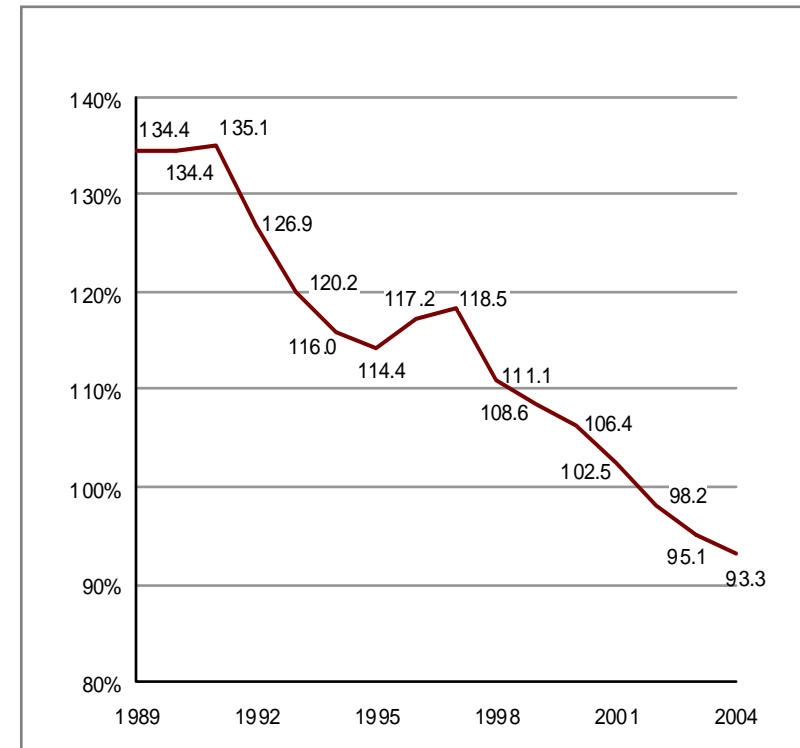
Impact on Generali Strategic Plan

- The Italian P&C market has been transformed following deregulation in 1994 and the impetus of low interest rates post 2000. The industry is now much more professionally managed and focused on profitability.

P&C RoE



Net Combined ratio

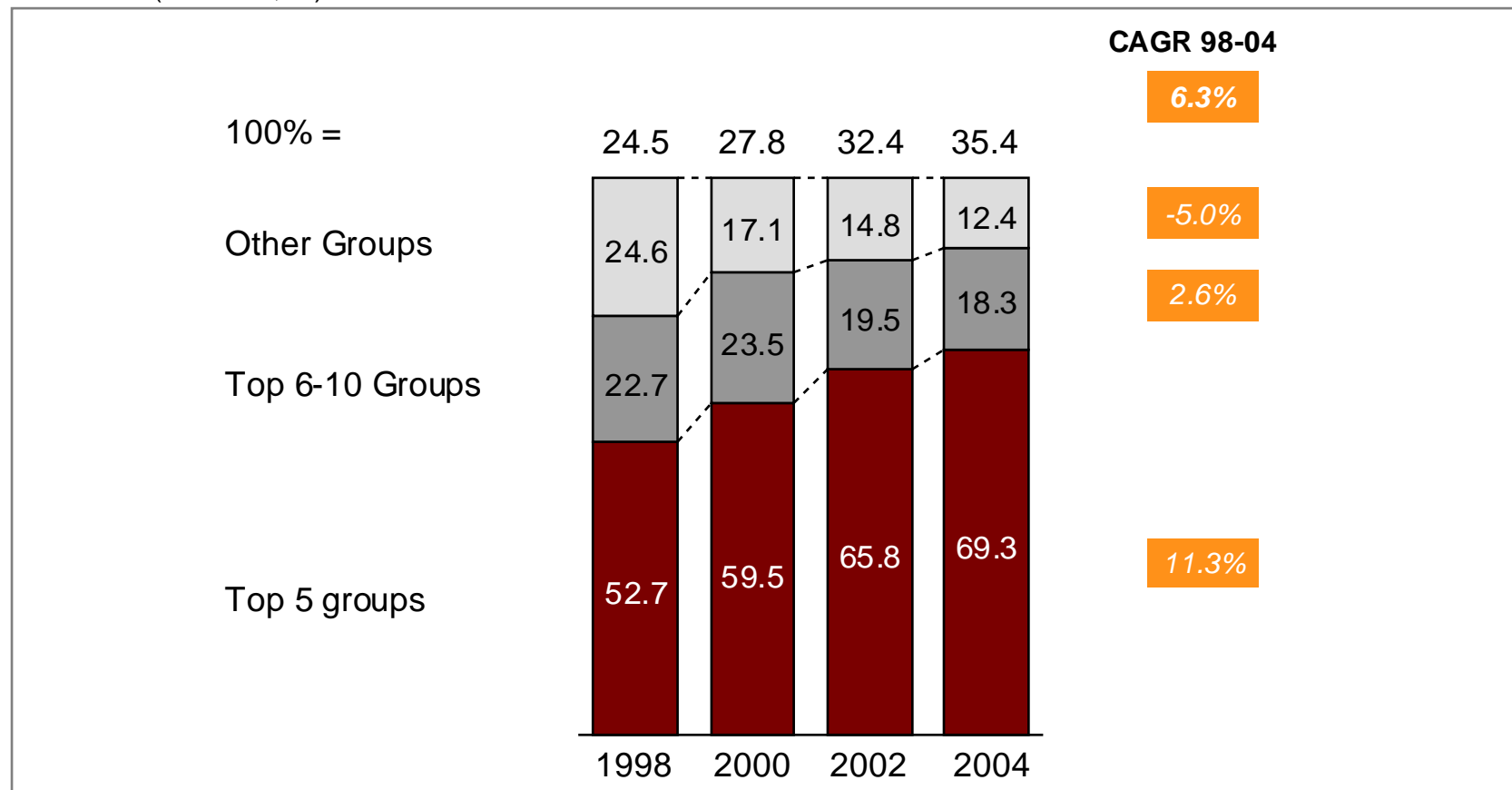


Increased share of profitable Italian P&C market

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- The market has exhibited both growth and consolidation with the top 5 market participants experiencing the highest growth

GDDPW (Euro bln, %)

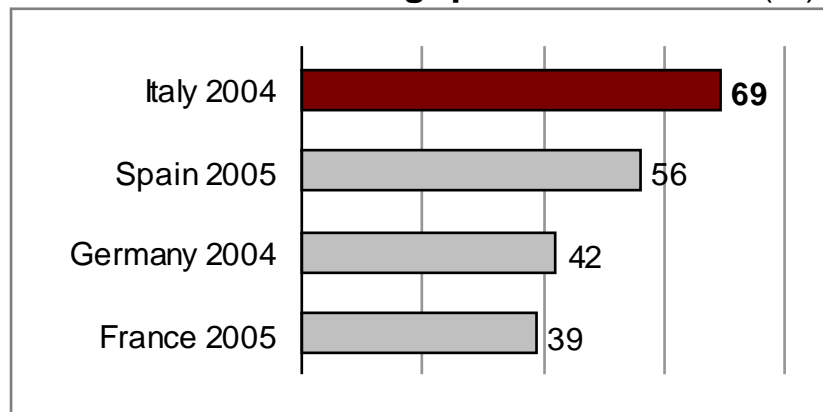


Increased share of profitable Italian P&C market

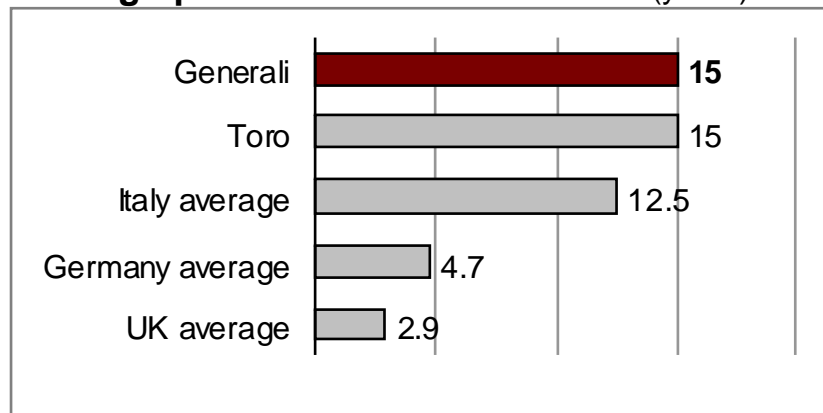
12

- Italian consumers have significant brand loyalty and change provider infrequently, so M&A is a more effective growth strategy

Customers not seeking quotes at renewal (%)

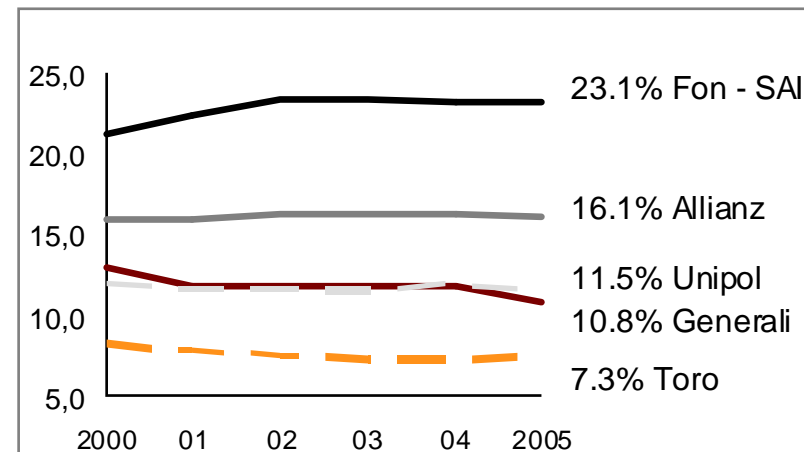


Average period customers retained (years)



Source: Consultant research on Motor TPL purchasing habits - 2004-5

Motor Market Share (%)



- Concentrated market, with the 5 largest groups controlling 70% of the total market
- Over 40 market participants, 25 of which have marginal market share (below 1%)
- Client loyalty makes organic growth strategies difficult
- M&A the only way to increase substantially market share in the medium-term

Source: Ania and other databases

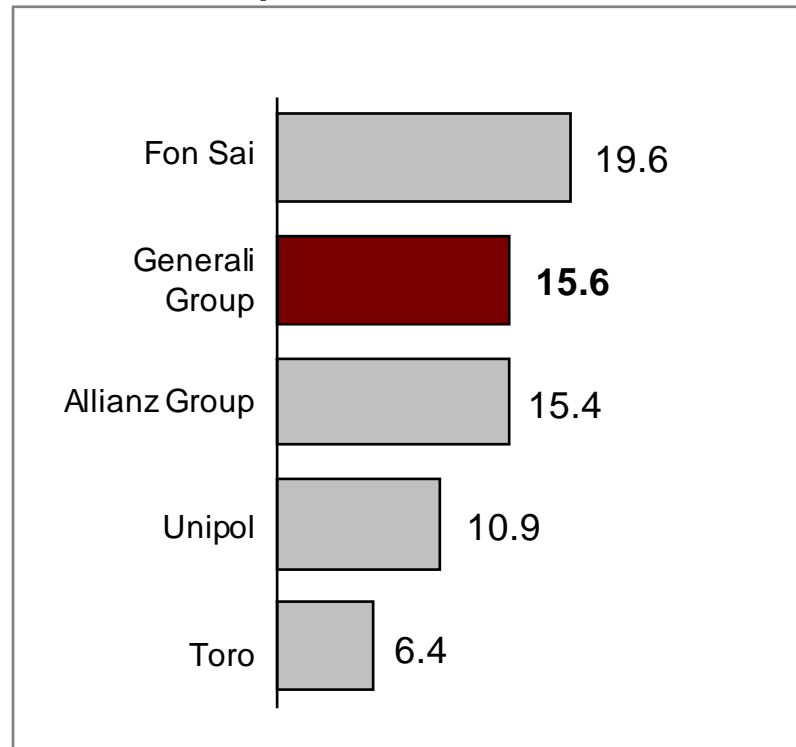


Increased share of profitable Italian P&C market

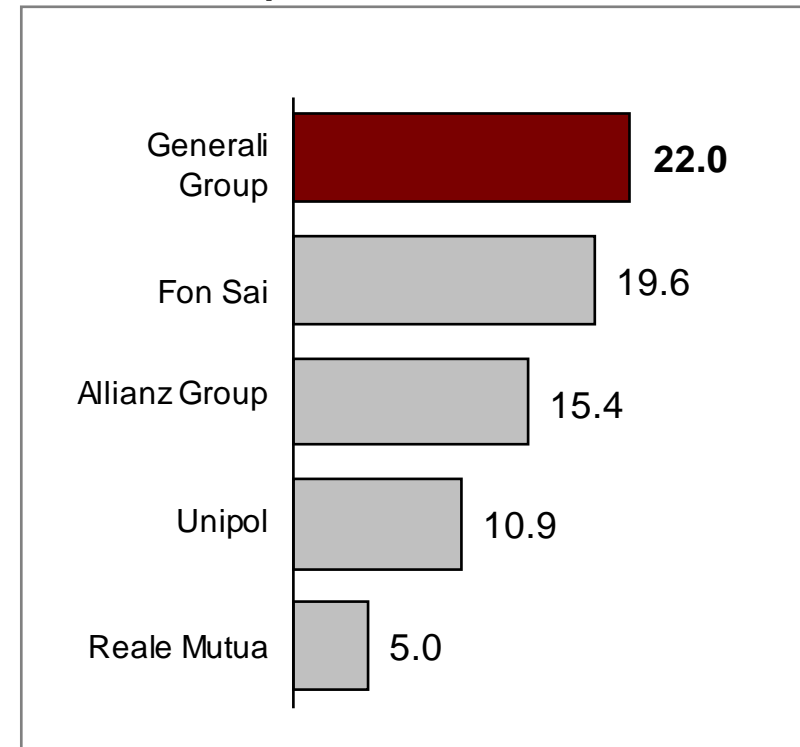
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- This transaction will increase the Generali Group's market share from 15.6% to 22.0%

Market share pre transaction (%)

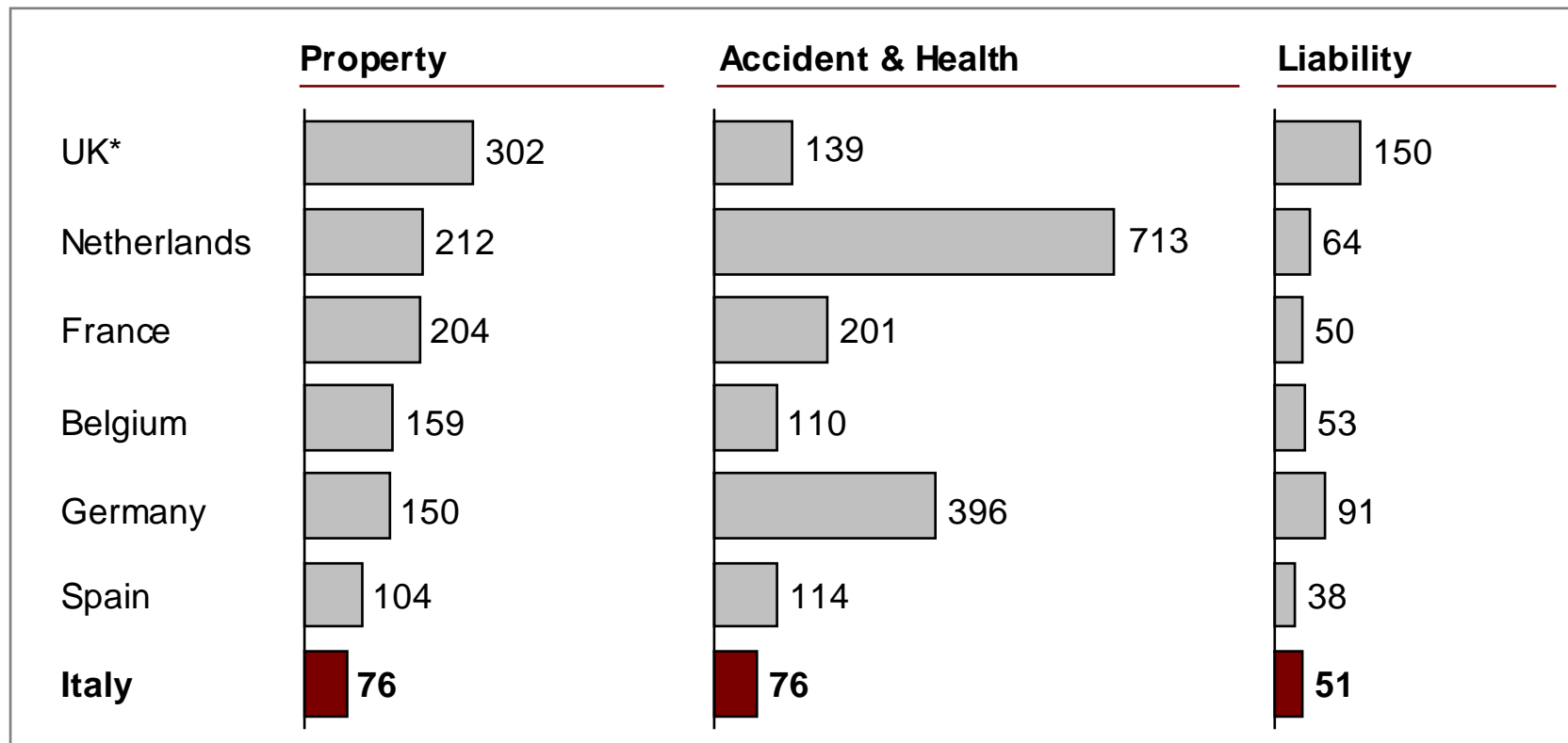


Market share post transaction (%)



- Penetration remains low so the market has good growth prospects

Per capita premiums 2004 (Euro)



* 2003 Figures



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- **Improved positioning in motor market**
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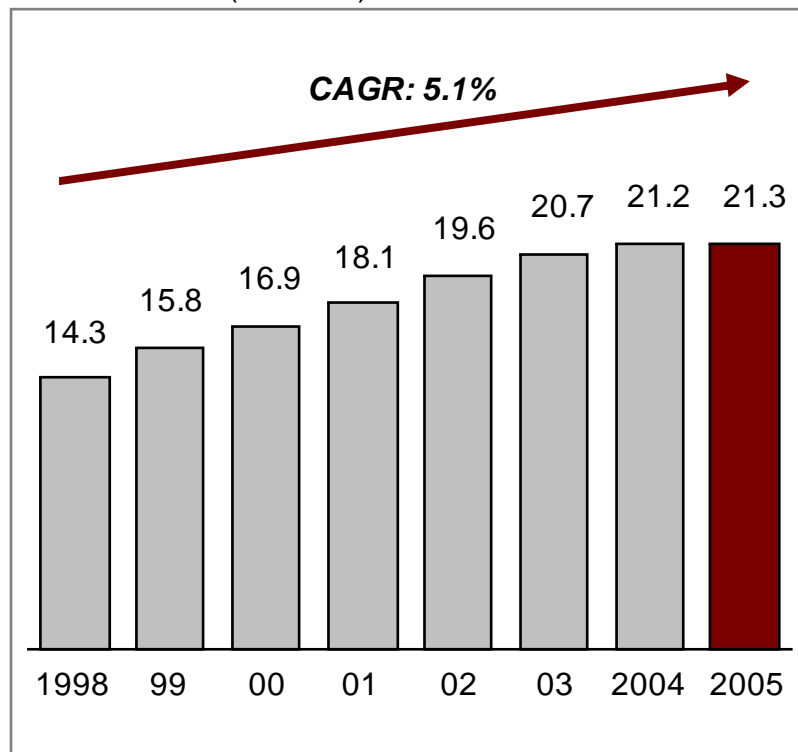
Impact on Generali Strategic Plan

Increased share of motor market

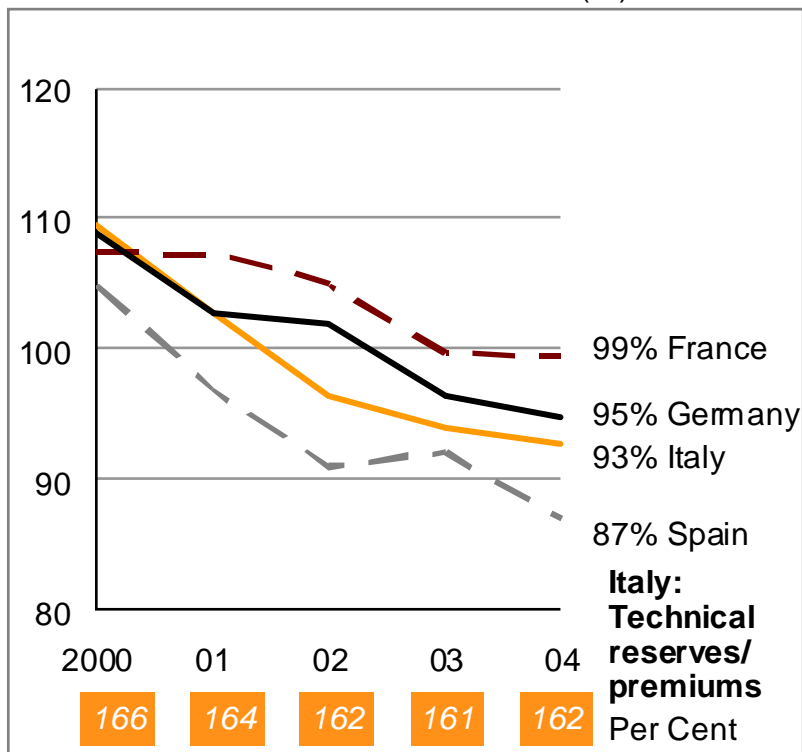
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- Motor is a key part of the market with a constant 60% share
- A series of structural reforms have transformed the Italian motor market. Road safety legislation, including the points system, safer cars and anti fraud measures have transformed the market from one of the worst to one of the best. Frequency is down from 15% to 8.5% over the last 25 years.

GWP Motor (Euro bln)



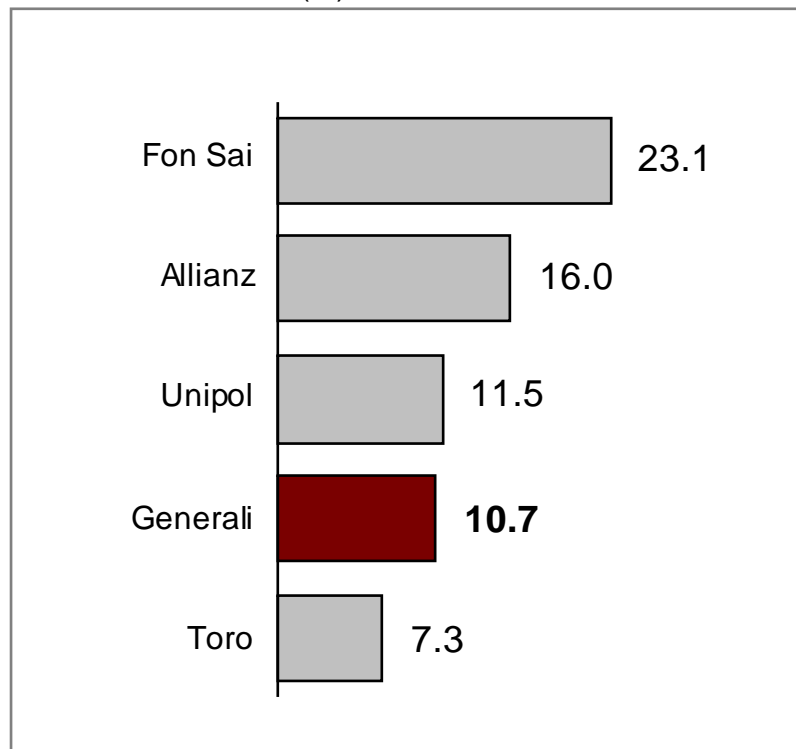
Gross Combined Ratio in Motor (%)



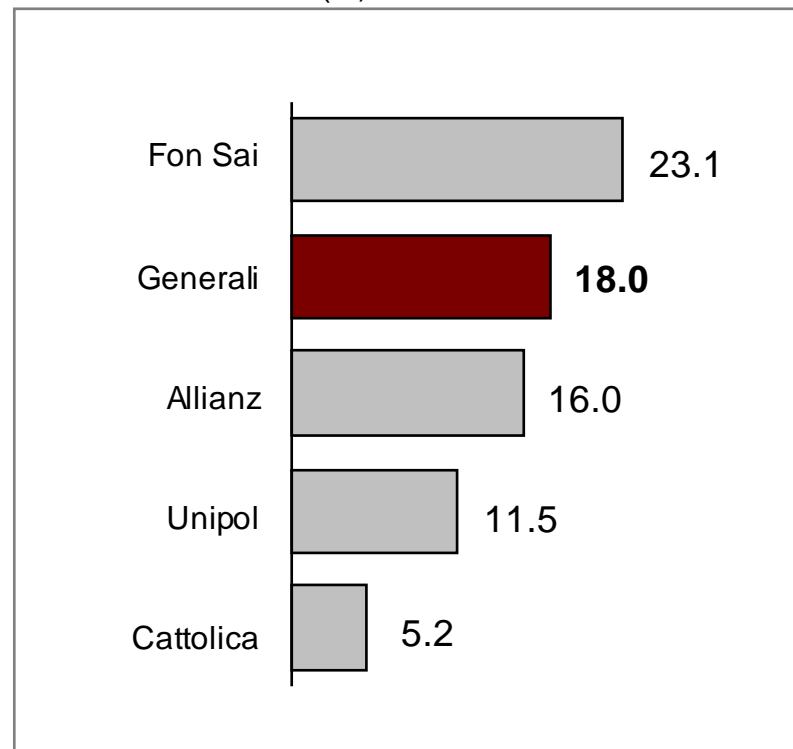
Increased share of motor market

- This transaction will increase the Generali Group's share in the motor market from 10.75% to 18.03%, increasing the weight of motor in the Group portfolio from 40.5% to 48.0%

Pre transaction (%)



Post transaction (%)



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Strategic rationale

- Increased share of profitable Italian P&C market
- Improved positioning in motor market
- **Significant synergies**

Financials

Impact on Generali Strategic Plan

- The ability to extract costs, benefit from economies of scale and share best practice make Generali the best owner of Toro

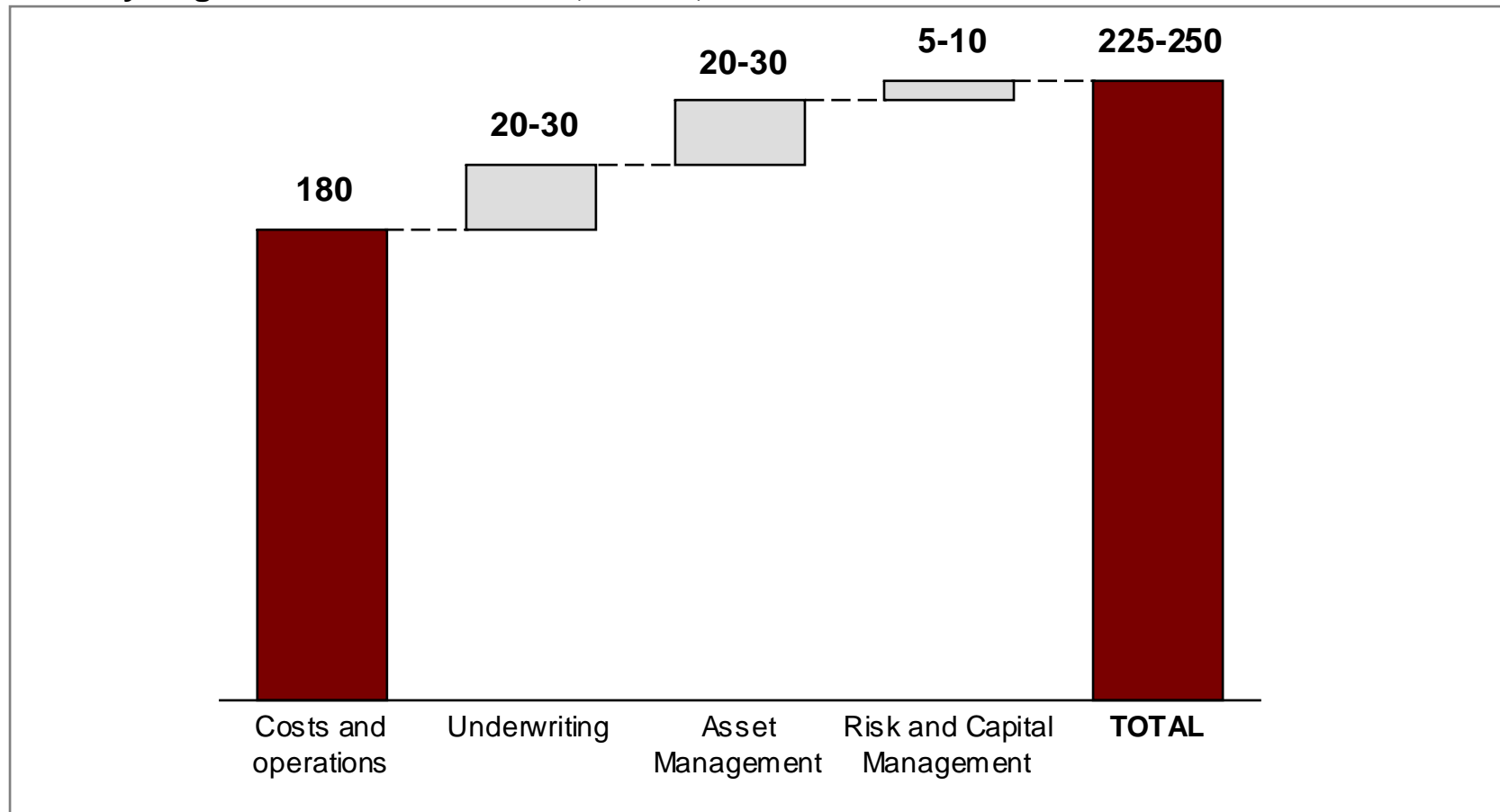
- Application of common country model – from “Complexity to Simplicity”
 - Our goal is to achieve all possible synergies and efficiencies, while preserving the value of our brands and proximity with our clients
 - Shared functions at country level that extract the maximum degree of synergies and efficiency

- Euro 180 million cost synergies in 3 years

- Euro 45-70 million revenue synergies in 3 years

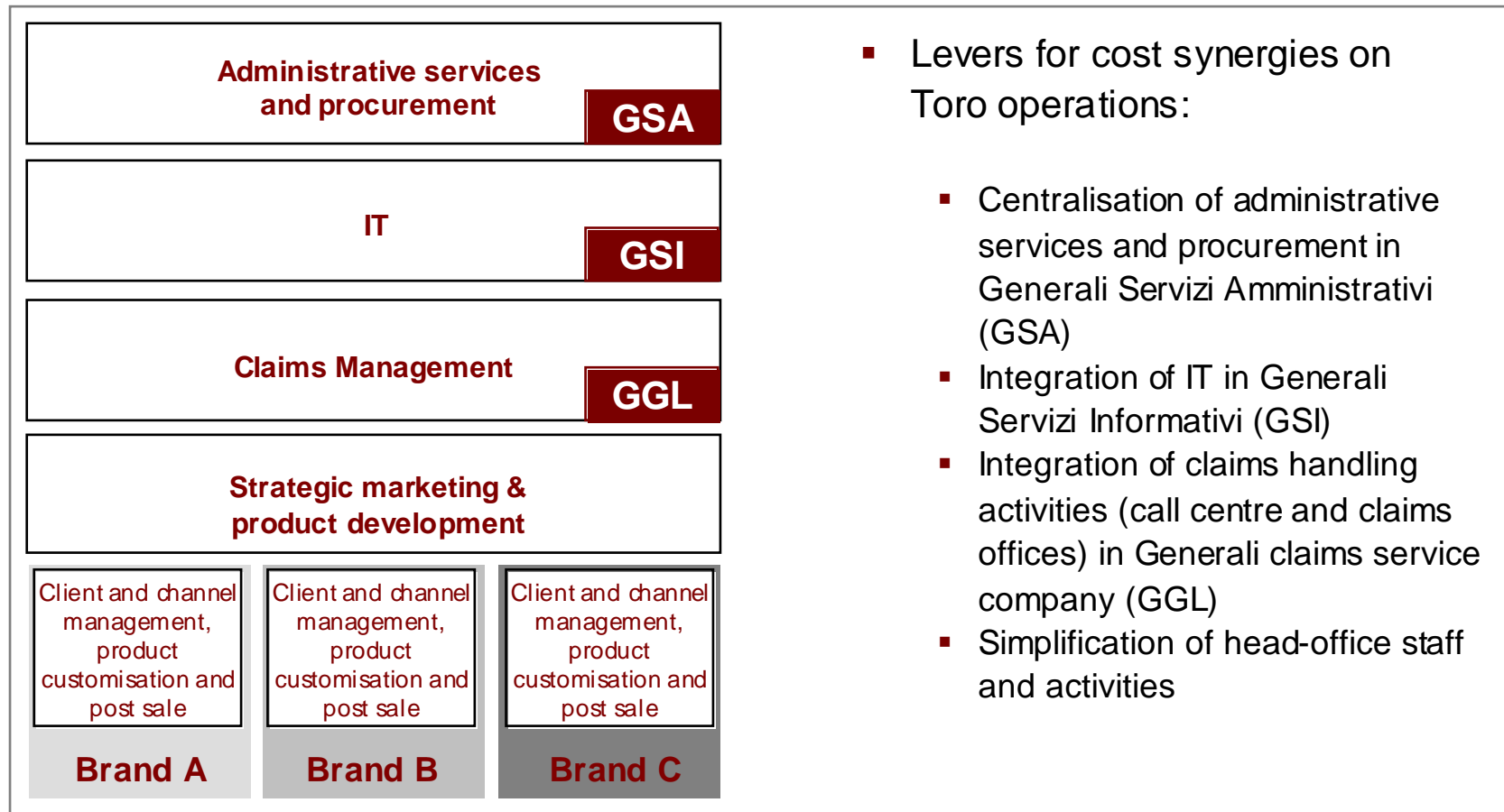
- Total synergies from the acquisition of Toro are up to Euro 250 mln

Total synergies achievable in 2009 (Euro mln)



- Cost synergies levers by applying Generali country model

Generali country model



- Significant cost synergies

(Euro mln)	Est Pre Tax
Group Purchasing	21
IT	25
Holding companies and management services	37
Accounting, administration and HR	15
Operations	40
Claims handling	45
Total	~ 180

Delivery	
2006	Nil
2007	25%
2008	55%
2009	100%

Restructuring costs of Euro 100 to 120 million gross, fully factored in pre 2009



Revenue based opportunities

- Generali is the leader in distribution management in Italy. Opportunities for potential improvement :
 - Enhance quality of agents through specialisation and training
 - Automation of the sales process, implementation of new agency software and development of a more sophisticated sales budgeting system
 - Up and cross selling initiatives
 - CRM applications

- Toro client base under penetrated in respect of life and other covers

- Reinvestment of policy proceeds at maturity: Toro at 16%, Generali Vita is operating at 70% and INA at 30%

- Estimated revenue synergies in 3 years of Euro 45-70 million pre tax



- Revenues and underwriting synergies

Total synergies achievable in 2009
(Euro mln)

Revenues synergies	<ul style="list-style-type: none"> Higher margin on Toro Life new production, applying Generali best practice in product design and maturity retention (e.g., maturity retention 16% in Toro vs. 70% in Generali Vita) Increase cross and up-selling with progressive alignment to Generali best practice Increase number of life clients from “non life” client base also through better training and support to agents 	<table border="1"> <tr> <td>New Business Value</td> <td>20</td> </tr> </table>	New Business Value	20
	New Business Value		20	
	Underwriting synergies			
<ul style="list-style-type: none"> Improve underwriting effectiveness applying to Toro portfolio Generali best practices Extend to Toro portfolio the Generali Group program on motor tariff optimisation 	<p>10-15</p> <p>10-15</p>			
Total		20-30		



- Investment management and risk & capital synergies

Total synergies achievable in 2009
(Euro mln)

<p>Investment management synergies</p>	<ul style="list-style-type: none"> Centralisation of Toro investments in Generali Investments. Performance enhancements (risk-adjusted): <ul style="list-style-type: none"> +15-25 bp on Life reserves +30-50 bp on Non-Life and Shareholders funds investments Reduced costs for asset management Synergies in real estate management 	<p>20-30</p>
<p>Risk & capital management synergies</p>	<ul style="list-style-type: none"> Reduction of reinsurance costs through group reinsurance program (target: reinsurance cost reduction of 3-5%) Free up of Toro excess capital Optimisation of risk governance and control, applying Generali Group ERM methodology 	<p>5-10</p>
<p>Total</p>		<p>25-40</p>



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► Financials

Impact on Generali Strategic Plan

Deal description

Purchase price

- Cash offer price of Euro 21.20 per share
- Purchase price for 100% ownership Euro 3.855 bln
- Price / Embedded Value 2x
- 11.5x 2005 IFRS earnings
- 11.7x 2009 expected IFRS earnings post cost synergies

Financing

- Purchase price funded by:
 - Euro 1.7 billion previously allocated to buyback
 - Euro 700 million not used for minorities
 - Euro 1.2 billion additional hybrid debt issuance
 - Euro 255 million own funds
- Equity/own funds: 50% (€1.7 + €0.255 bln)
- Debt: 50% (€1.2 + €0.7 bln)

Share buy-back program

- Buyback suspended as funds now directed towards Toro acquisition

Ratings

- Expected to be neutral to financial strength ratings:
 - Substantial equity and own funds weight in financing mix
 - Strategic rationale, earnings delivery and cost synergies

- Immediately accretive
- Furthers capital optimisation program
- Retains considerable financial flexibility

(Euro mln)	Strategic Plan 2006-2008	Revised Plan Toro acquisition
Source of funds		
Debt issuance	~4,000	~5,200
Own funds	~100	~1,045
Total	4,100	6,245
Use of funds		
Minority buy-out	~2,300	~1,600
Share buy-back	~1,800	90
Reduce senior debt	NIL	700
Purchase of Toro	NIL	3,855
Total	4,100	6,245

- Buyback suspended as funds now directed towards Toro acquisition
- Own funds released following review of participations
- Decision to reduce Euro 700 million senior debt to further optimise capital structure

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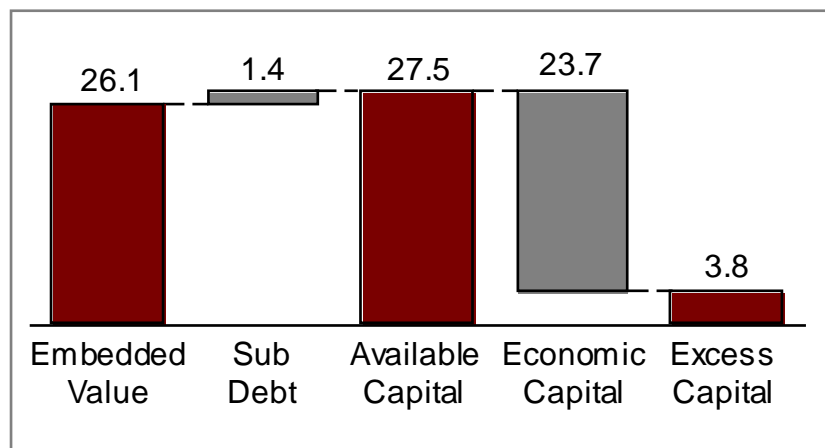
Financials

► **Impact on Generali Strategic Plan**

	<u>Deal description</u>	<u>Rationale</u>
Leverage	<ul style="list-style-type: none"> ▪ Leverage ratio rises 2% to 31% ▪ Use of own funds and suspension of share buy-back program constitute heavy equity weighting to financing mix 	
Earnings	<ul style="list-style-type: none"> ▪ Accretive to 2007 Group IFRS earnings, rising to 11% in 2009 ▪ Accretive to 2007 Group EV earnings, rising to 8% in 2009 ▪ Meets Return on Investment target from 2009 ▪ RoEV accretive by 80bp from 2009 ▪ All post cost synergies only 	<ul style="list-style-type: none"> ▪ Value accretive purchase
Excess Capital	<ul style="list-style-type: none"> ▪ Excess capital broadly unchanged – goodwill dilution offset by buyback cancellation, extra hybrid covers new capital requirement 	<ul style="list-style-type: none"> ▪ Stronger presence in core market
Embedded Value	<ul style="list-style-type: none"> ▪ 1% dilution to Embedded Value (goodwill of Euro 2 billion offset by suspension of buyback Euro 1.7 billion) 	<ul style="list-style-type: none"> ▪ Premium growth in P&C retail sector



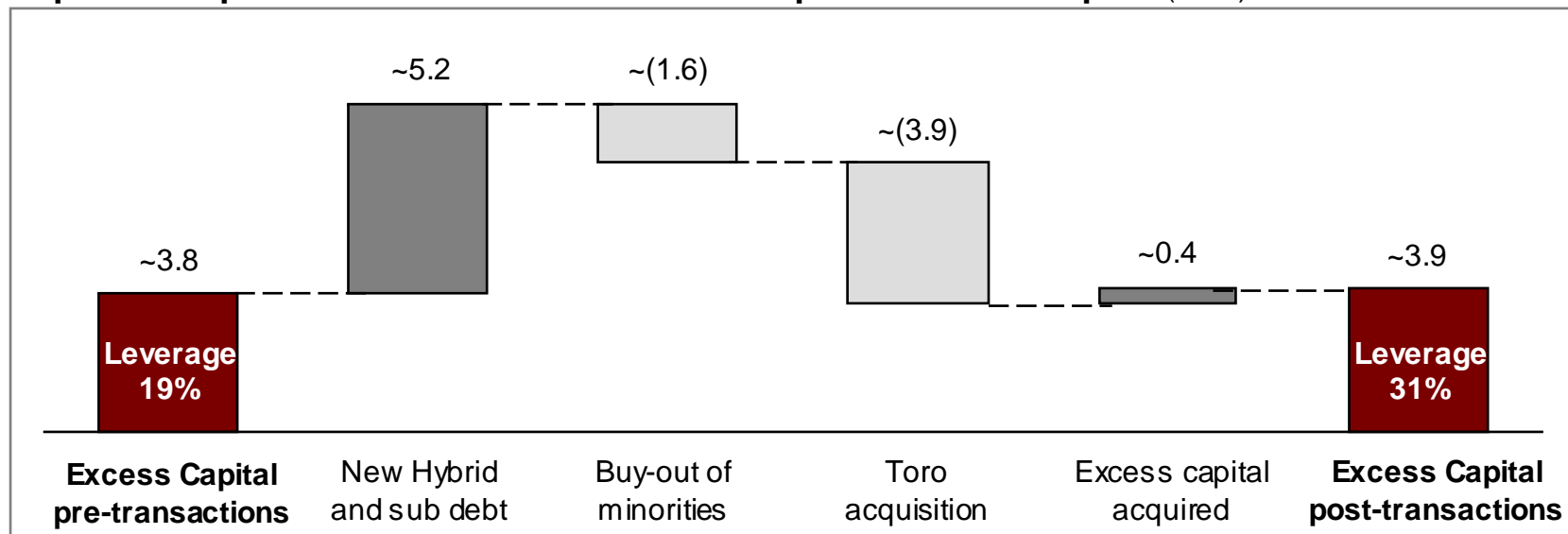
YE05 definition of excess capital (€ bln)



Capital optimisation program

- Toro acquisition and minority buy-out funded by debt and own funds meeting balance sheet restructuring criteria
- Reduced WACC while maintaining some financial flexibility
- Leverage rises from 19% to 31% having risen to 29% from Plan capital transactions

Impact of capital transactions in 2006 on Group 2005 excess capital (€ bln)



* Leverage ratio = [Total Debt] / [Total Debt + Embedded Value], Mid term range: 25-35%



The acquisition of Toro Assicurazioni for Euro 3.85 billion cash

Excellent strategic fit

A unique and opportunistic growth prospect in one of the most attractive European P&C markets

Total gross cost and revenue synergies of Euro 250 million pa

Immediately accretive 6% IFRS EPS in 2007

Generali is the best owner of Toro



▶ Profile of Toro

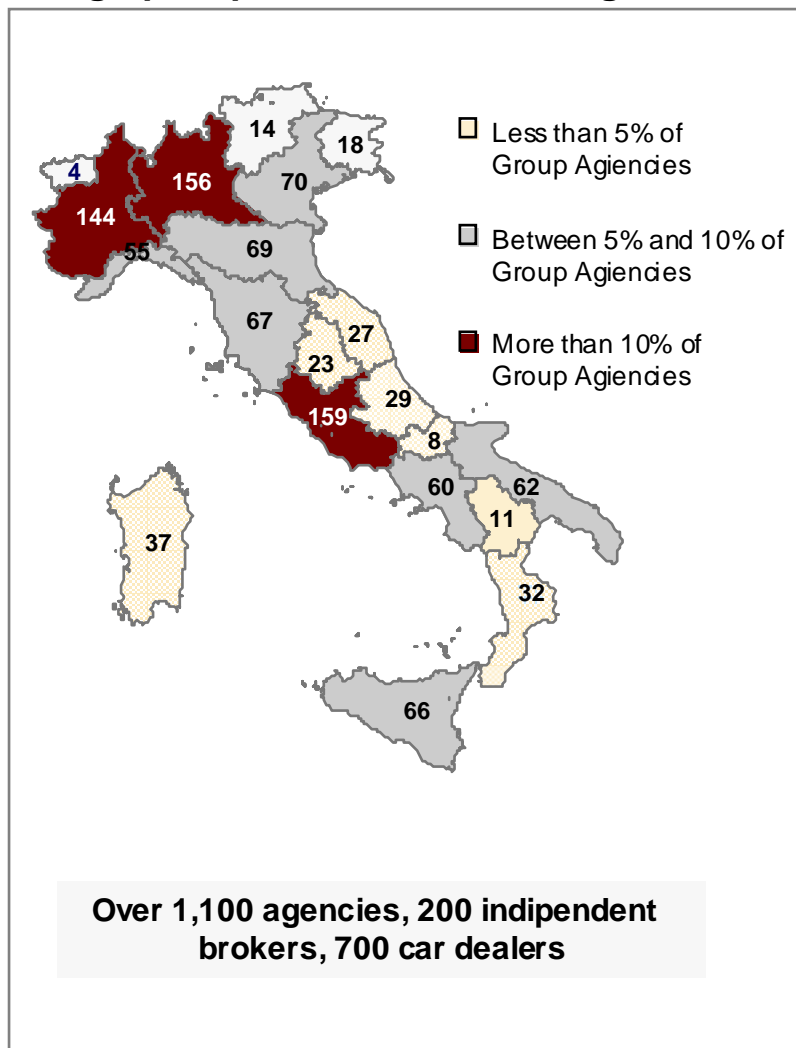
Market

Consolidation and M&A

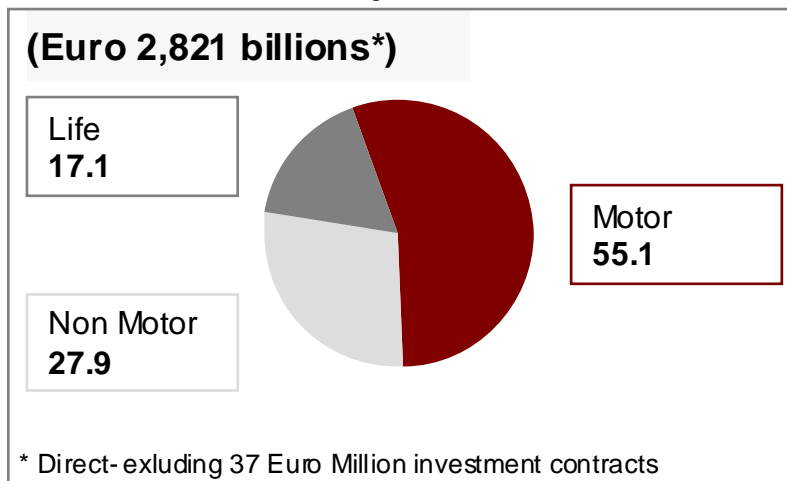


Overview 34

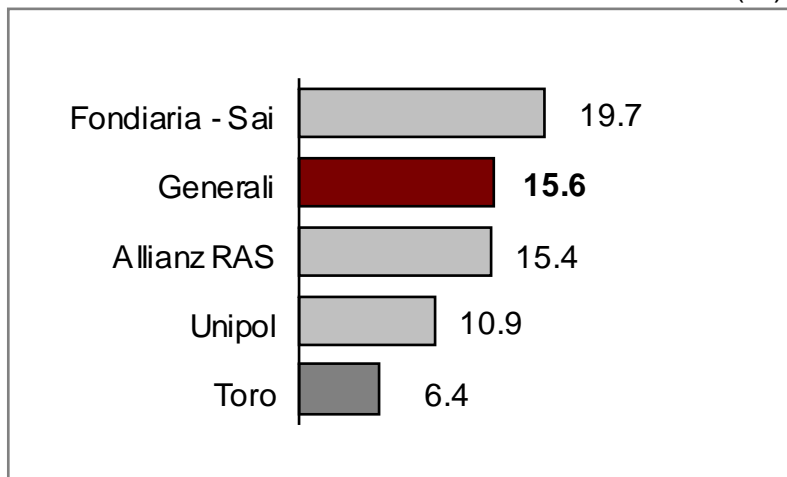
Geographic presence of Toro's Agencies



FY'05 Gross written premiums (%)

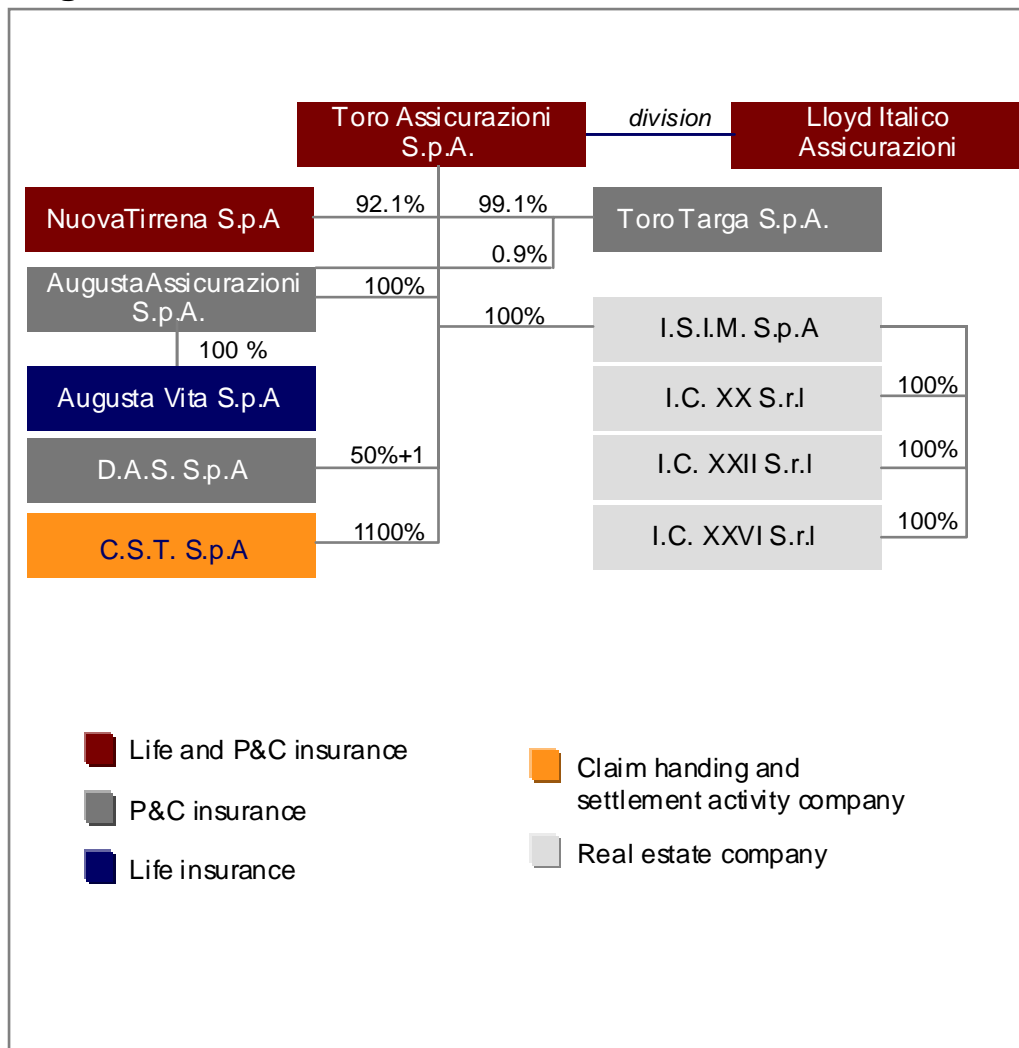


Market shares 2005: Total Non Life GWP (%)

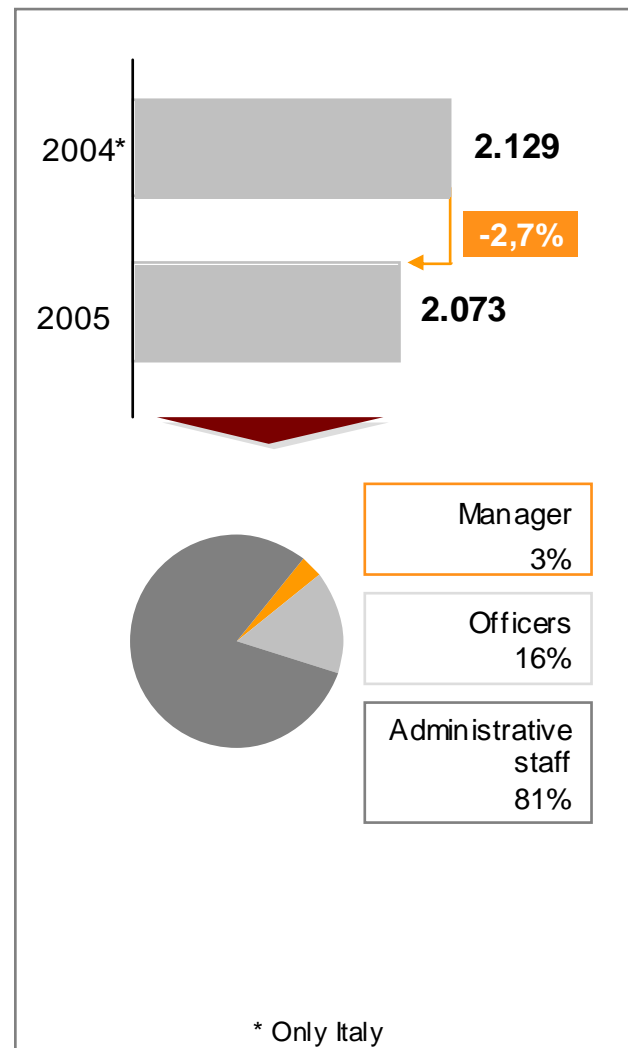


Organisational structure

Organisational structure



Human resources



Group structure

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Premium income = 2,878 million
 Total n. of agents* = 1,485
 Total net technical reserves = 6,974mln



Geographic focus	North/ West	Center/ South	Italy (Large Group Affinity)	Car dealers	Italy (legal protection)
Premium income	1,726.3	780.2	289.6	49.0	33.1
Motor	48%	69%	51%	93%	0%
Non – motor	32%	18%	27%	7%	100%
Life	20%	13%	22%	0%	0%
No. of Agents*	818	546	86	35	N/S
Net technical reserves	4,226.9	1,744.7	854.5	97.5	50.5

* Numbers of Agents year 2004
 Figures 2005, in Euro millions



Profit and loss *

37

(Euro mln)	2005	2004
Gross Written Premiums (direct)	2.820,9	2.628,7
of which:		
- Non-Life GWP	2.339,8	2.253,6
- Life GWP	481,1	375,1
Life new business	256,6	210,9
Non life technical result	106,6	74,0
Life technical result	1,6	1,0
Investment income	376,4	214,1
Other revenues	-25,3	-36,8
Pre tax profit	460,4	249,9
Tax	-116,4	-86,5
Net profit	344,0	163,4
of which:		
- Group interest	334,3	160,2

*IAS IFRS data



Balance sheet *

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(Euro mln)	2005	2004
Investments and cash	9.017,7	8.473,6
- Investments	8.777,4	8.345,8
- Cash available	240,3	127,8
Financial liabilities	-715,0	-692,1
Net technical reserves	-6.974,0	-6.742,9
- Non Life	-3675,7	-3698,5
- Life	-3298,3	-3044,4
Other Asset and liabilities	1.072,5	1.219,0
Net equity	2.401,2	2.257,6
of which:		
- Group interest	2.361,0	2.222,5

*IAS IFRS data



Embedded value*

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(Euro mln)	2005	2004
Book value	2.361	2.223
Goodwill	-664	-654
Adjustments	-42	-39
Life in force value	170	137
Embedded value	1.825	1.667
New business value	9,0	0,3

*IAS IFRS data



Profile of Toro

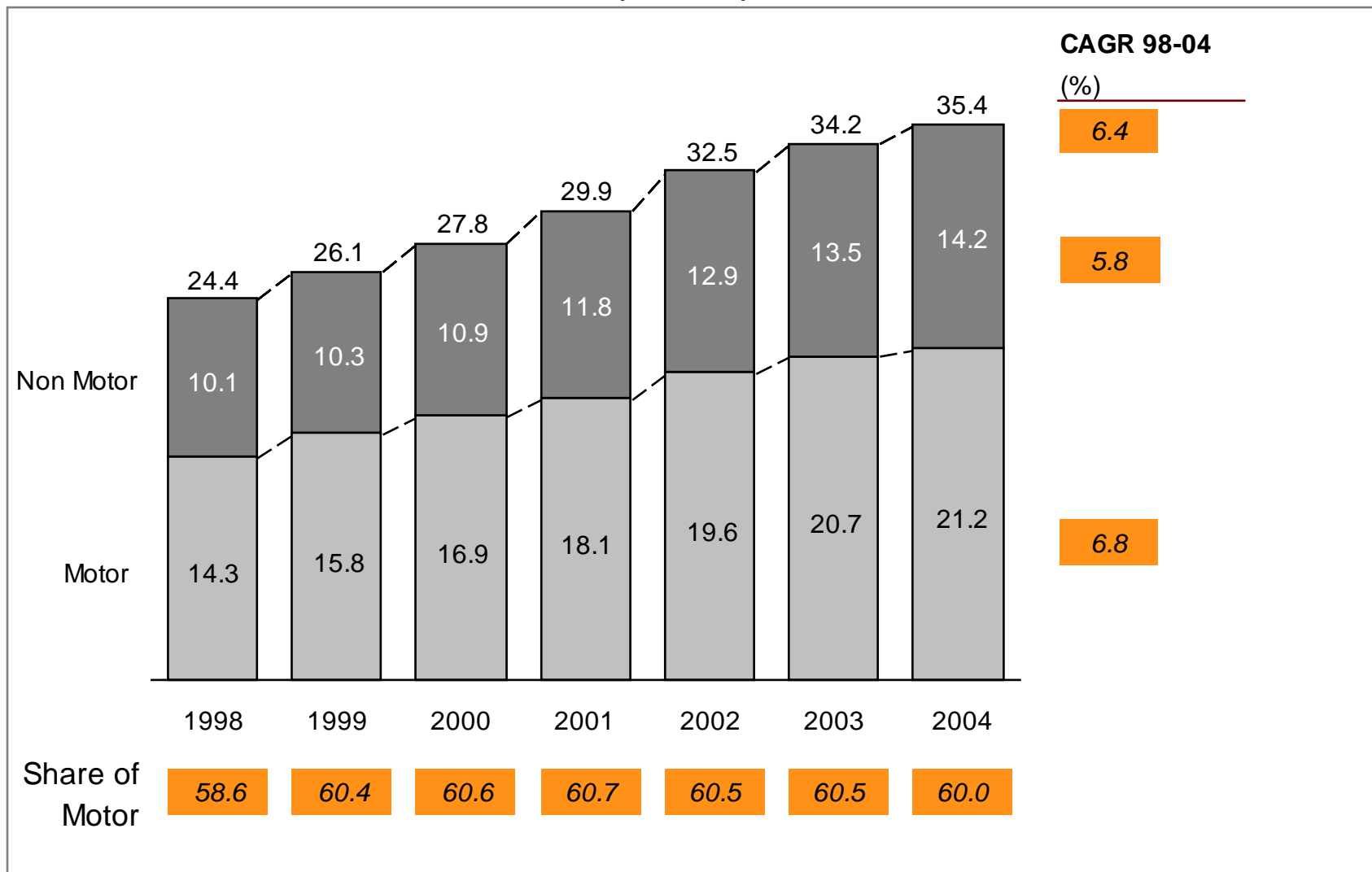
► **Market**

Consolidation and M&A



Italian P&C Market grew by 6% in the last six years, motor has a stable 60% share 41

Gross Direct Domestic Premiums Written (GDDPW) (Euro bln, %)

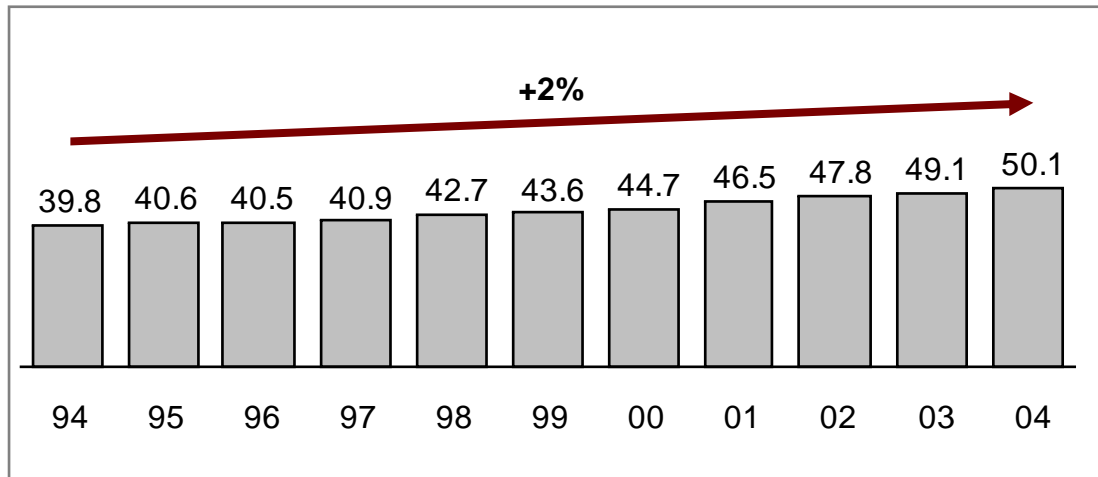


Source: ISVAP

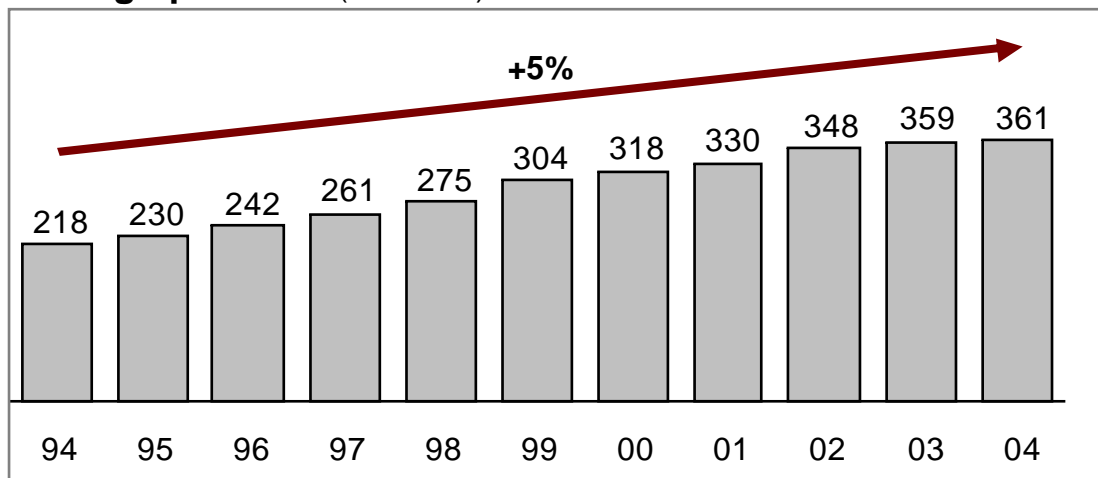


Average motor premiums growing 5% after the 1994 liberalisation 42

Number of cars (Millions)



Average premium (Euro mln)



MOTOR TPL

- Consistent increase in the number of cars
- Average premium continual increases despite market liberalisation in 1994
- Strong growth in 1998 is due to Government incentives to buy new fuel efficient cars

Source: ANIA others



Italian motor business has sustainable profitability

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Sustained technical profitability

- Motor business is technically profitable. Market now focused on value, not volume.
- Claims costs are stabilising, as a consequence of recent industry and legislative actions
- Cycle is expected to become shallower and longer
- COR of the Italian market has turned in the last 5 years from one of the worst to one of the best in Europe

Valuable customer base

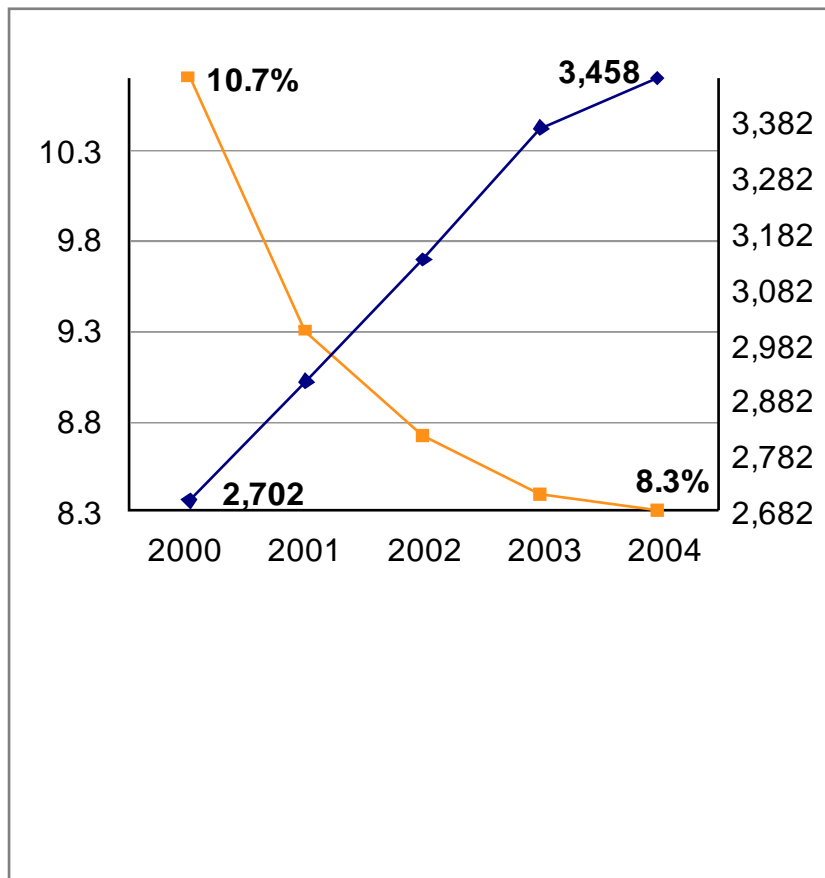
- Very loyal customer base
- Around 50% of total new customers are acquired through Motor policies
- The client base is largely unexploited
 - Very low penetration of Full Coverage (15% in Italy vs. 40-60% in Germany and France)
 - Low level of cross-selling of products (70% of clients that have only a Motor product)
 - Low Non-Motor coverage penetration (1% of GDP in Italy vs. 3.3% in UK, 2.9% in Germany and 2.2% in France)



Motor TPL claims frequency offsets the increase in average cost of claims 44

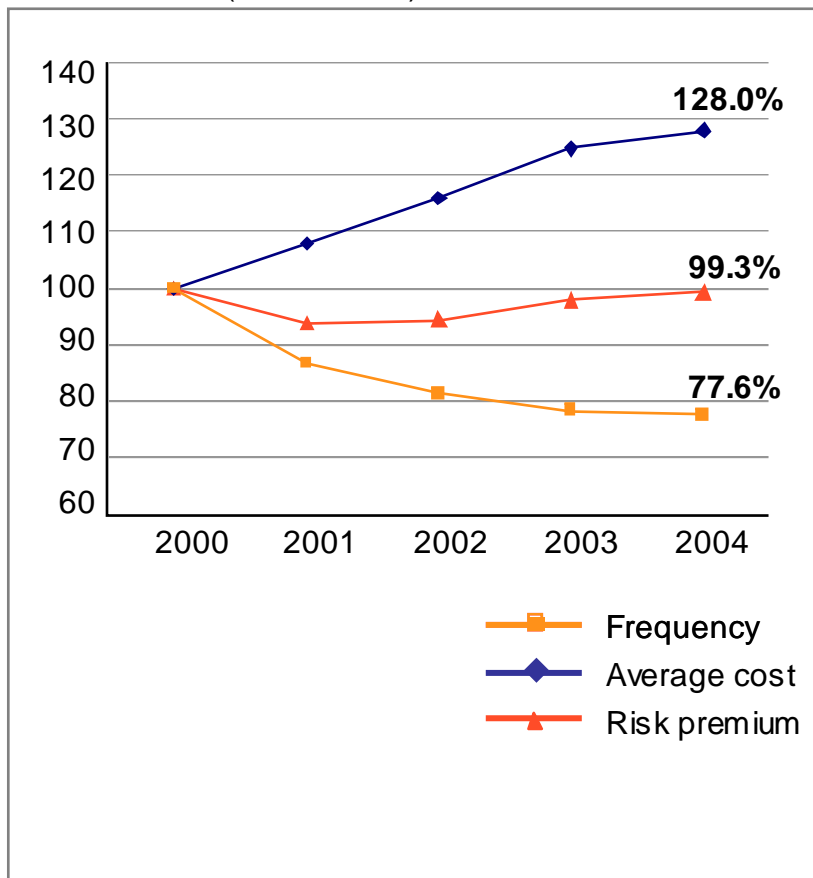
Frequency and Average Cost of Claims

(%, Euro)



Frequency, Average Cost of Claims and pure risk premium

Index Number (2000=100%)



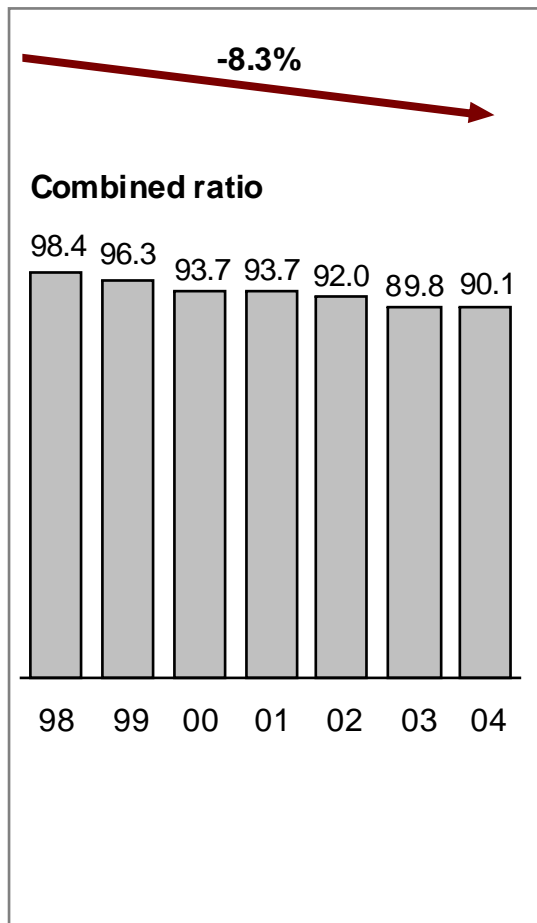
Source: ANIA



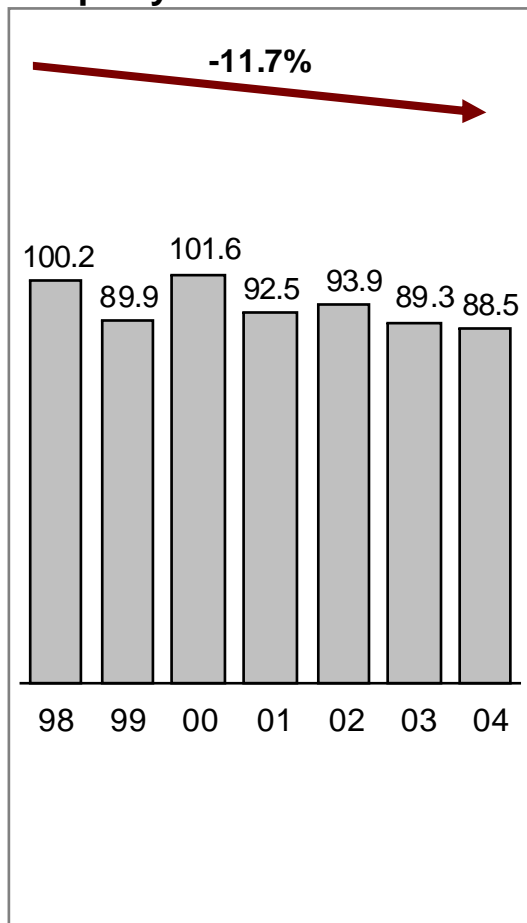
Non motor profitability has been improving since 1998 45

(%)

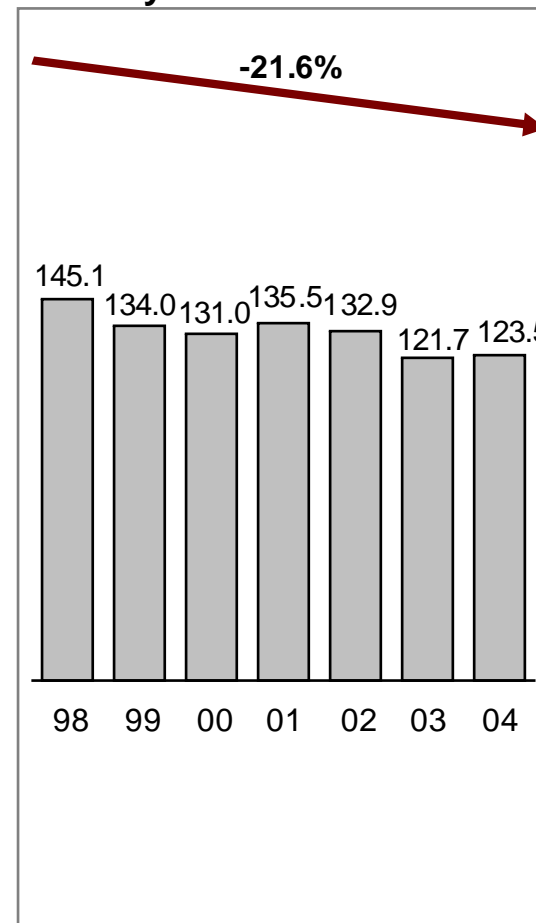
Accident & Health



Property



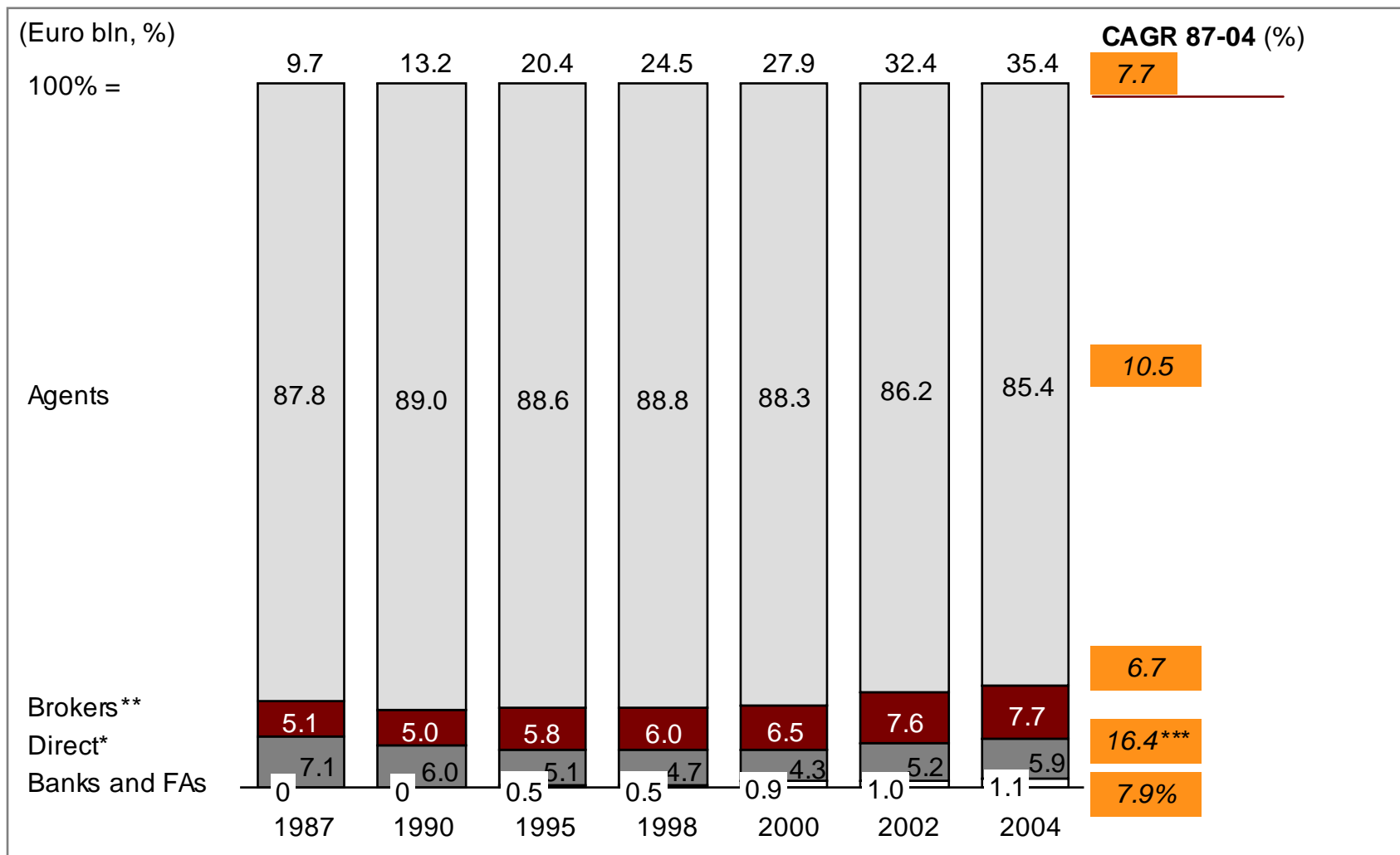
Liability



Source: ANIA, ISVAP



Agents continue to be the main channel in Italian P&C



*Includes also insurance branches sales

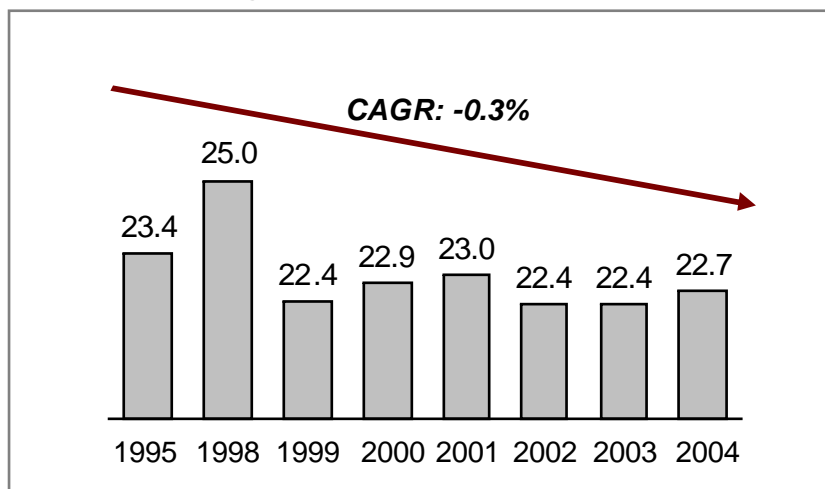
**Does not include premiums underwritten by brokers through agencies (data underestimated)

*** CAGR 1995-2004

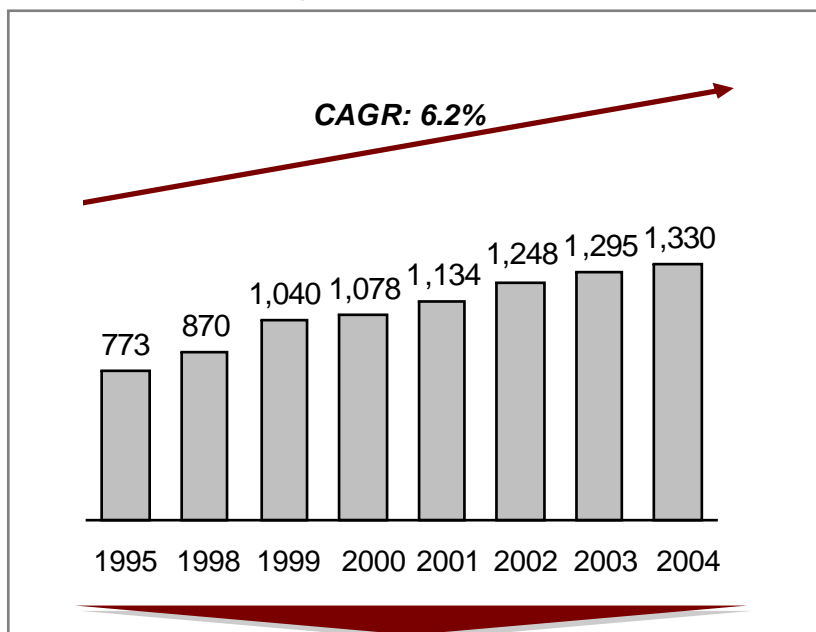


Agents continue to improve productivity

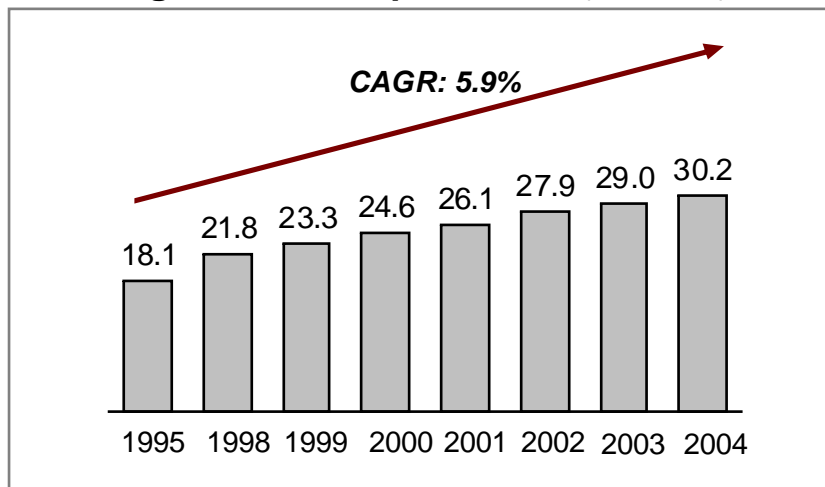
Number of agents* (000)



Premiums per agent (EUR 000)



Total Agent network premiums (Euro bln)



- Agents are the major distribution channel in Italian P&C market
- Premiums per agent have consistently improved over time due price increases and consolidation

* Active agents

Source: Isvap, ANIA



Profile of Toro

Market

▶ **Consolidation and M&A**

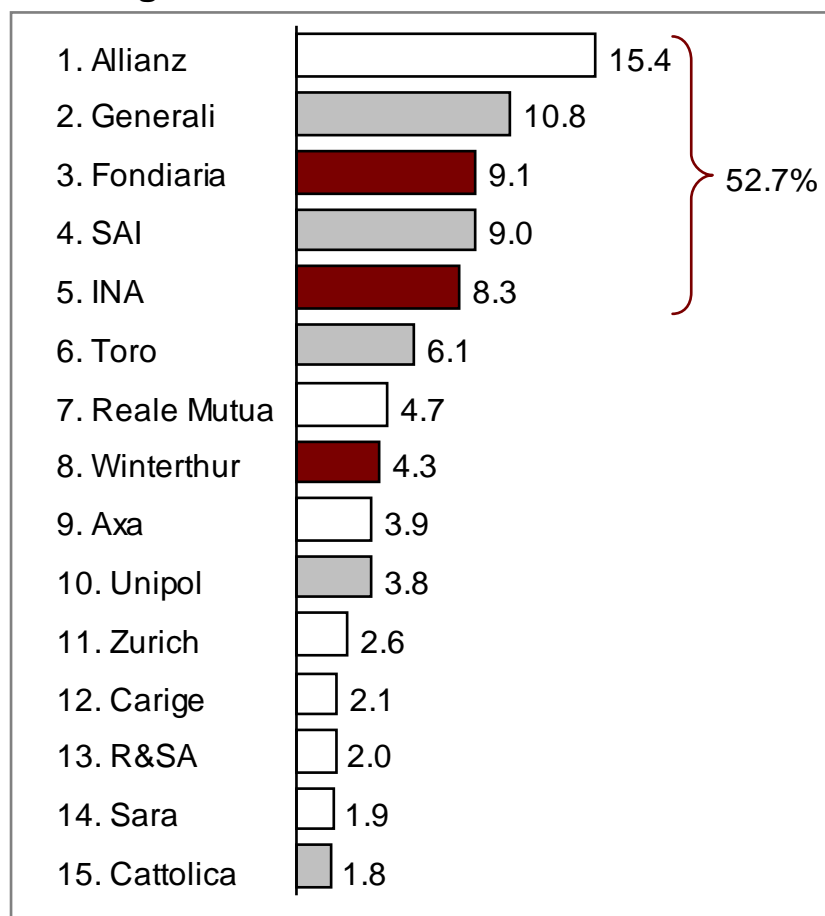


Market concentration

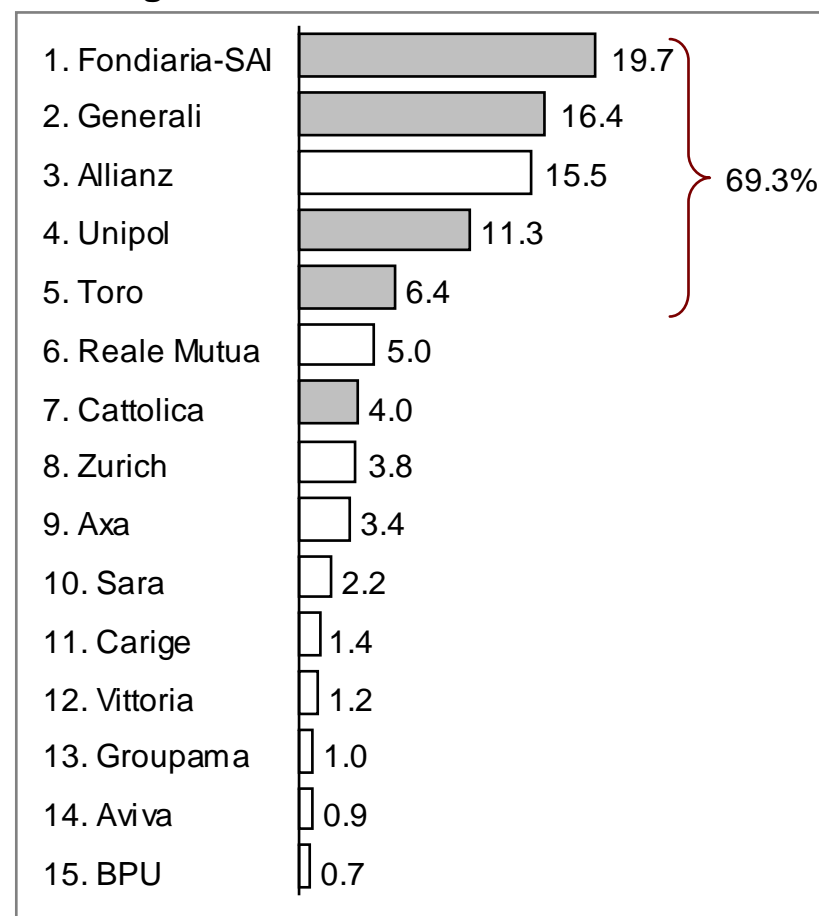
Top P&C Groups by market share – Italy % on GDDPW

Targets of acquisitions
 Groups created by M&A

Ranking 1998



Ranking 2004






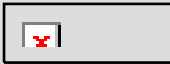

Source: ANIA



M&A Activity since 1999

50

(Euro mln)

Acquirer	Target	Year	Deal value	Target GPW at the time of the deal
	INA	1999	9,670	2,259
	Sasa	2001	44	214
	Fondiarìa	2002	1,760	1,511
	Liguria	2006	145	161
	Aurora, Navale	2000	248	443
	Meie	2000	692	172
	Winterthur	2003	1,700	1,928
	MMI	2005	n.a.	n.a.
	Duomo – Maeci	2000	222	165
	UniOne	2005	99	236*
	Lloyd Italice	2000	53*	291

* 2004

Source: ANIA, press clippings, analyst presentations



Certain of the statements contained herein are statements of future expectations and other forward-looking statements.

These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties.

The user of such information should recognise that actual results, performance or events may differ materially from such expectations because they relate to future events and circumstances which are beyond our control including, among other things, general economic and sector conditions.

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Generali Group

Acquisition of Toro Assicurazioni

*Accelerating the pace of change,
delivering our potential*



Trieste, June 26, 2006